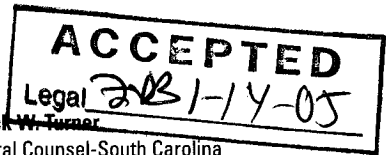


172483



**BellSouth Telecommunications, Inc.**  
**Legal Department**  
1600 Williams Street  
Suite 5200  
Columbia, SC 29201

**Patrick W. Turner**  
General Counsel-South Carolina

803 401 2900  
Fax 803 254 1731

patrick.turner@bellsouth.com

January 14, 2005

Mr. Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: Complaint of AT&T Communications of the Southern States, LLC for  
Suspension and Cancellation of BellSouth Telecommunications, Inc.'s  
CPN Tariff No. 2004-410 Filed October 13, 2004  
Docket No.: 2004-326-C

Dear Mr. Terreni:

I am pleased to report that BellSouth Telecommunications, Inc. ("BellSouth") and AT&T Communications of the Southern States, LLC ("AT&T") recently came to an agreement in principle that resolves all issues presented in the Complaint AT&T filed in this docket. BellSouth and AT&T are working diligently to memorialize this agreement and will notify the Commission when that process is complete.

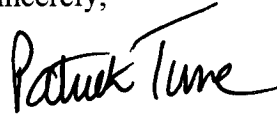
Accordingly, BellSouth respectfully requests that absent a specific request from AT&T, the Commission not establish a procedural schedule or a hearing date in this docket for at least sixty days. Based on conversations with counsel, it is my understanding that AT&T does not object to this request.

In the meantime, BellSouth's Answer to the Complaint is due today. Accordingly, in an abundance of caution, enclosed for filing are the original and ten copies of BellSouth's Answer in this matter. By copy of this letter, I am serving counsel for

Mr. Charles Terreni  
January 14, 2005  
Page Two

AT&T, the Commission, and the Office of Regulatory Staff with a copy of this Answer as indicated on the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Patrick W. Turner". The signature is written in a cursive, flowing style with a large initial "P" and a long, sweeping underline.

Patrick W. Turner

PWT/nml

Enclosure

cc: Jack Pringle, Esq.  
Gene V. Coker, Esq.  
David Butler, Esq.  
Jocelyn G. Boyd, Esq.  
Florence Belser, Esq

PC Docs # 567221

2007 JUN 14 AM 12:58

Docket No. 2004-326-C

## ANSWER OF

**BELLSOUTH TELECOMMUNICATIONS, INC.**

## INTRODUCTION

BellSouth terminates long distance traffic for Interexchange Carriers (“IXCs”). When BellSouth terminates an interstate call for an IXC, it charges the IXC a tariffed interstate access charge. When BellSouth terminates an intrastate call for an IXC, it charges the IXC a tariffed intrastate access charge. Due to the volume of traffic terminated by BellSouth, BellSouth imposes these charges on a monthly basis by using a terminating percent interstate usage (“TPIU”) factor to determine how many minutes terminated by BellSouth are subject to interstate and intrastate access charges. The TPIU takes into account all traffic that BellSouth terminates for a particular carrier. Thus, if the IXC has a TPIU of 70 percent, then BellSouth

will charge the IXC interstate access rates for 70 percent of the total minutes terminated and intrastate access rates for the remaining 30 percent.

When BellSouth terminates a call for an IXC, the IXC is required by federal law to pass calling information or Calling Party Number (“CPN”) data along to BellSouth.<sup>1</sup> This data allows BellSouth to determine whether the call is interstate or intrastate in nature. Due to certain technical limitations, however, certain calls sent to BellSouth by IXCs legitimately lack sufficient CPN data to enable BellSouth to determine whether the call is interstate or intrastate in nature. These types of calls include operator services calls, international calls, and calls that use in-band signaling methodology. In the summer of 2004, BellSouth determined through a study performed by Agilent Technologies (“Agilent Study”) that approximately 7 percent of IXC traffic is legitimately unidentifiable as a result of such technical limitations. This conclusion is buttressed by the fact that less than 7% percent of AT&T’s traffic in BellSouth’s region for September 2004 lacked CPN data.

In practice, however, much more than 7 percent of the terminating traffic sent by many IXCs to BellSouth in South Carolina is missing CPN. For instance, in September 2004, 7 IXCs submitted approximately 21,000,000 minutes to BellSouth that lacked CPN. These minutes represented anywhere from 2.89 to 25.4 percent of the subject IXCs’ total traffic.

The lack of CPN has the potential to adversely affect BellSouth by skewing the TPIU factor for each of these IXCs, because it removes the “unknown” minutes from the TPIU determination. Thus, if a carrier has 50 unknown minutes (i.e. no CPN) and 50 known minutes (of which 70 percent were interstate and 30 percent were intrastate), the TPIU would be based on the 50 known minutes. As a result, without the Tariff, a 70 percent TPIU would be applied to

---

<sup>1</sup> See 47 CFR §64.1601.

100 percent of the traffic even though half of the total minutes were unidentifiable. This scenario potentially prevents BellSouth from rightfully recovering the actual charges it is owed for terminating the IXCs' traffic and thus results in BellSouth being economically disadvantaged.

Consequently, on or about October 13, 2004, BellSouth filed a revision to its Access Service Tariff ("Tariff") in South Carolina to reflect a 7 percent CPN floor.<sup>2</sup> The effect of this revision is that for each IXC, any unidentifiable minutes exceeding 7 percent of the total minutes terminated by BellSouth will be treated as intrastate access minutes and will be charged at intrastate access rates. Thus, as stated in the Tariff, "[f]or example, if 30 percent (%) of a customer's minutes sent to BellSouth do not contain sufficient originating information to allow BellSouth to determine the originating location, then BellSouth would apply the provisions of this tariff to those minutes exceeding the 'floor', or 23 percent (%) in this example."

This Tariff revision encourages all carriers to pass along all CPN data that is technically capable of being passed, which will result in a more accurate depiction of the jurisdictionally of the calls that BellSouth terminates for each IXC. Regardless of the reason for the lack of the CPN data, BellSouth terminated the minutes in question and has the right to be properly compensated at the appropriate rate.

BellSouth recognizes that, for some carriers, there may be legitimate reasons why the percentage of minutes it passes along to BellSouth without CPN exceeds 7 percent of its total minutes. And, the Tariff provides recourse for a carrier that disputes the application of the intrastate rate for those minutes in excess of the 7 percent floor. First, the IXC can dispute charges it feels are not appropriate. Second, under the Tariff, the IXC can (1) ask BellSouth for

---

<sup>2</sup> Prior to this time period, the CPN floor was 19.22 percent and was based on the composite percentage of traffic from all carriers in BellSouth's region that lacked CPN data. As a result, and as confirmed by the Agilent Study, the 19.22 percent was artificially inflated because it took into account all calls that lacked CPN, whether legitimate or not.

documentation to support the application of the intrastate rate based on the 7 percent floor; and (2) request that BellSouth change the application of the intrastate rate “upon a showing that the intrastate rate should not be applied.” Id. Thus, if an IXC appropriately proves that calls lacking CPN in excess of the 7 percent floor were interstate and not intrastate in nature, then BellSouth will apply the appropriate interstate charges to the minutes in question.

Of course, the only carrier to complain about this tariff – AT&T – likely has no need for such recourse. As noted above, AT&T historically has been at or below the 7 percent floor, and if this continues in the future, AT&T simply will not be impacted by this tariff. Therefore, BellSouth is at a loss as to why AT&T has filed the instant Complaint. Further, the Agilent Study supports a conclusion that approximately 7 percent of traffic delivered by IXCs should lack CPN data. Thus, higher percentages are not warranted and carriers should, consistent with federal law, do everything in their power to provide BellSouth with sufficient data to allow it to accurately charge IXCs for the actual services provided. This Tariff encourages IXCs to do just that, while at the same time giving them the right to dispute the application of the Tariff and appropriately prove that the 7 percent floor should not apply. The Commission, therefore, should reject AT&T's challenges to the tariff.

### **RESPONSE TO SPECIFIC ALLEGATIONS**

1. Paragraph 1 of the Complaint does not require a response from BellSouth.
2. Paragraph 2 of the Complaint does not require a response from BellSouth.
3. BellSouth admits Paragraph 3 of the Complaint. BellSouth also states that all correspondence, pleadings, and other documents related to this proceeding should be sent to the undersigned.
4. BellSouth admits the allegations set forth in Paragraph 4 of the Complaint.

5. BellSouth denies the allegations of Paragraph 5 of the Complaint to the extent that they are inconsistent with the tariff or this Answer.

6. BellSouth admits that it filed revisions to its South Carolina Access Services Tariff on or about October 13, 2004 and that those revisions became effective by operation of law on or before October 27, 2004. BellSouth admits that prior to the effective date of those revisions, its Tariff contained a 19.22 percent floor, which was based on the total minutes received by BellSouth on a region-wide basis that lacked CPN, whether legitimate or not. BellSouth denies that its tariff "re-classifies" any traffic and, as explained in the "Introduction" above, if an IXC appropriately proves that calls lacking CPN in excess of the 7 percent floor were interstate and not intrastate in nature, then BellSouth will apply the appropriate interstate charges to the minutes in question. BellSouth denies that a copy of any tariff was attached to the Complaint. BellSouth denies the remainder of the allegations contained in Paragraph 6 of the Complaint to the extent that they are inconsistent with the tariff or this Answer.

7. BellSouth admits that the 7 percent floor established in the Tariff was based upon the Agilent Study and that this Study supports a finding that approximately 7 percent of an IXC's traffic is legitimately unidentifiable due to technical limitations. BellSouth further admits that prior to the October 13, 2004 revision, the Tariff contained a 19.22 percent floor, which was based on the total minutes received by BellSouth on a region-wide basis that lacked CPN, whether legitimate or not. BellSouth denies the remainder of the allegations contained in Paragraph 7 of the Complaint to the extent that they are inconsistent with the tariff or this Answer.

8. BellSouth denies the allegations contained in Paragraph 8 of the Complaint, and BellSouth denies the implication that it is seeking to "re-rate interstate traffic." As explained in

the "Introduction" above, if an IXC appropriately proves that calls lacking CPN in excess of the 7 percent floor were interstate and not intrastate in nature, then BellSouth will apply the appropriate interstate charges to the minutes in question.

9. BellSouth denies the allegations contained in Paragraph 9 of the Complaint, and BellSouth denies the implication that it is seeking to "reclassify" or "re-rate interstate traffic." As explained in the "Introduction" above, if an IXC appropriately proves that calls lacking CPN in excess of the 7 percent floor were interstate and not intrastate in nature, then BellSouth will apply the appropriate interstate charges to the minutes in question.

10. BellSouth denies the allegations contained in Paragraph 10 of the Complaint

11. BellSouth admits that AT&T has certain billing agreements in place with BellSouth. BellSouth denies the remainder of the allegations contained in Paragraph 11 of the Complaint.

12. BellSouth denies that AT&T is entitled to any relief requested in the WHEREFORE clause.

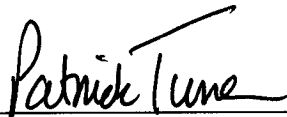
13. Any allegation not expressly admitted herein is denied.

#### **AFFIRMATIVE DEFENSES**

1. AT&T's Complaint fails to state a claim upon which relief can be granted.

Respectfully submitted this 14th day of January, 2005.

BELLSOUTH TELECOMMUNICATIONS, INC.



PATRICK W. TURNER

Suite 5200

1600 Williams Street

Columbia, South Carolina 29201

(803) 401-2900



STATE OF SOUTH CAROLINA

)

CERTIFICATE OF SERVICE

)

COUNTY OF RICHLAND

)

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. ("BellSouth") and that she has caused the Answer of BellSouth Telecommunications, Inc. in Docket No. 2004-326-C to be served upon the following this January 14, 2005:

F. David Butler, Esquire  
General Counsel  
S. C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC Staff)  
**(U. S. Mail and Electronic Mail)**

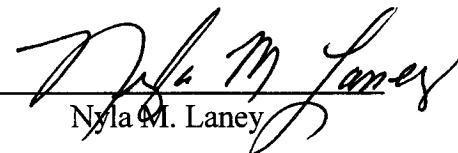
Jocelyn G. Boyd, Esquire  
Staff Attorney  
S. C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC Staff)  
**(U. S. Mail and Electronic Mail)**

Florence P. Belser, Esquire  
General Counsel  
Office of Regulatory Staff  
Post Office Box 11263  
Columbia, SC 29211  
**(U. S. Mail and Electronic Mail)**

John J. Pringle, Jr., Esquire  
Ellis Lawhorne & Sims, P.A.  
Post Office Box 2285  
Columbia, South Carolina 29202  
(AT&T Communications of the Southern States, LLC)  
**(U. S. Mail and Electronic Mail)**

2005 JAN 14 14:49:53  
COMM-SC

Gene V. Coker  
1230 Peachtree Street N.E.  
4<sup>th</sup> Floor  
Atlanta, Georgia 30309  
(AT&T Communications of the Southern States, LLC)  
**(U. S. Mail and Electronic Mail)**



Nyla M. Laney

PC Docs # 558784